GOVERNMENT OF INDIA
PLANNING
LOK SABHA

UNSTARRED QUESTION NO:164
ANSWERED ON:22.11.2006
METHODOLOGY FOR DETERMINING BASE FOR POVERTY LINE
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Will the Minister of PLANNING be pleased to state:

(a) the methodology followed in determining the base for the poverty line;

(b) the percentage of population living below poverty line;

(c) whether the yardstick is same for deciding BPL families both in urban and rural areas;

(d) if not, the reasons therefor;

(e) whether the BPL figure as a whole in the country is increasing or decreasing every year; and

(f) if so, the reasons therefor?

Answer

MINISTER OF STATE IN THE MINISTRY OF PLANNING (SHRI M.V. RAJASEKHARAN)

(a): The Planning Commission uses per capita consumption expenditure as the criterion for determining the poverty line in the country. The Task Force on `Minimum Needs and Effective Consumption Demand` (1979) estimated the poverty line as per capita consumption of Rs.49.09 per month in rural areas and Rs.56.64 per month in urban areas at 1973-74 prices at national level, corresponding to a basket of goods and services anchored on a norm of per capita daily calorie requirement of 2400 kilocalories in rural areas and 2100 kilocalories in urban areas alongwith a minimum of non-food requirements, such as clothing, shelter, transport, etc. The Task Force estimated the calorie requirement for rural and urban areas separately from the age- sex-activity specific calorie allowances recommended by the Nutrition Expert Group (1968) and the age-sex-occupational structure of the population. The per capita consumption expenditure fixed for State/UT for determination of the poverty line are derived from these national level poverty line, using state-specific price indices and inter-state price differentials, according to the methodology given by Expert Group on `Estimation of Proportion and Number of Poor` (Lakdawala Committee). These state-specific poverty lines are updated using state-specific cost of living indices, that is, Consumer Price Indices for Agricultural Labourers (CPIAL) for rural areas and Consumer Price Indices for Industrial Workers (CPIIW) for urban areas.

(b): The percentage of population living below the poverty line in 1999-2000 is estimated to be 26.1%.

(c)&(d): No, Sir. The poverty line which is used as the yardstick differ in rural and urban areas because of differences in calorie requirements due to differences in the age-sex-activity distribution of the population and also in the associated basket of non-food goods and services. Differences also exist due to price differentials between urban and rural areas. The Planning Commission estimates the persons living below poverty line and not families.

(e): The Planning Commission estimates poverty from the large sample survey of consumer expenditure data of the National Sample Survey Organisation, which are available once in approximately five years. From the large sample survey of NSS 50th and 55th Rounds of Consumer Expenditure, the Planning Commission estimates indicate a decrease in the percentage of persons living below poverty line from 36% in 1993-94 to 26.1% in 1999-2000. As such, these estimates are not available for every year.

(f): Increase in income of the poor through the general growth process and various anti- poverty programmes being implemented by the government for direct income generation of the poor are identified as the main factors behind decrease in poverty.